

May 16, 2012

To: House Health Policy Committee Members

From: Delaney Newberry, Director of Human Resource Policy

RE: House Bill 5643: Generic Opioid Restrictions

On behalf of the over 2,500 job-providers and private health insurance payers represented by the Michigan Manufacturers Association, I am writing to express our opposition to House Bill 5643. MMA represents members operating in the full spectrum of manufacturing industries, ranging from small manufacturers to some of the world's largest corporations. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Manufacturers are one of the largest payers of private insurance and group health plans. 91% of manufacturers offer health care benefits to their employees compared to 71% of all other industries. So in the state of Michigan, whether you're talking about the large group market, self-insured groups, or small-group – manufacturers are the largest purchasers of health insurance benefits in the state.

As the largest payers of health insurance and pharmacy benefits in Michigan, MMA members are certainly sensitive to the abuse of opioid analgesics and we realize that diversion and addiction present significant psychological, social and cost issues for our State. However, we believe that the approach taken in HB 5643 will negatively impact patient care, create unnecessary provider requirements and will significantly increase health care costs for purchasers, patients and the state budget.

HB 5643 places extraordinary restrictions on a pharmacist's ability to substitute a generic for a brand-name product. Before dispensing a cost-saving generic for any opioid analgesic, a pharmacist would have to obtain written, signed consent from the patient's doctor. This clearly presents an additional step in the process that would delay a patient's care.

This legislation represents another in a long line of health insurance mandates that have been proposed and stand to add significant cost to an already cost-prohibitive system. In recent years, many of our members have experienced rate increases in excess of 30- to 40-percent. Additionally, just this year the new Health Insurance Claims Act (HICA) tax added 1% of all claims paid to the cost of employer-provided health care in Michigan. There is no question that generic savings are an integral component in reducing health care costs. According to a 2011 IMS Institute for Health Care Informatics study, the use of generic prescription drugs in place of their brand-name counterparts saved the nation's health care system \$931 billion dollars. In 2010 alone, the use of FDA-approved generics saved \$158 billion.

We believe that legislators should be looking at ways to decrease health care costs rather than establish new top-down mandates that add cost and complexity to our healthcare delivery system and for this reason, we ask you to oppose House Bill 5643. Please do not hesitate to contact me if you have questions or comments.